

# **Monthly Progress Report #7**

For the project entitled:

## **Disparity/Availability Study**

Reporting Period: November 1 –30, 2007

Submitted by:

**Deirdre D. Kyle**  
Principal  
D. Wilson Consulting Group, LLC  
Laurel Oaks Plaza  
309-1 Ponce Boulevard  
Jacksonville, Florida 32218

Submitted to:

**Montana Department of Transportation**  
Research Programs  
2701 Prospect Avenue  
Helena, Montana 59620

November 30, 2007

### **Task 1: Conduct Legal Analysis**

This task is completed. An update will be provided prior to submittal of the Final Report to include any new legal opinions issued, if necessary.

### **Task 2: Review Policies, Procedures and Programs**

A draft of Section 3.0 – Review of MDT Programs, Policies and Procedures was included in the September progress report. We received MDT comments in October and have scheduled additional one-on-one meetings with MDT staff to review procurement and DBE personnel to review documentation with them.

#### Action Item for next month:

- The interviews with MDT staff are scheduled for December 4<sup>th</sup> to update Section 3.0 and a second draft of Section 3.0 will be submitted for review.

### **Task 3: Conduct Data Collection**

The data team is in the process of finalizing cleaning efforts to the Master Vendor Table. Master Vendor table forwarded to Leslie Wooten-Hartung has been reviewed, verified and approved. Contract table has been forwarded to Leslie Wooten-Hartung for review, verification and approval. Preliminary market area analysis was conducted, see Task 4 below.

#### Action Items for next month:

- Merge and match prime contractor and subcontractor payment data to Master Contract data.
- Forward a copy of Master Subcontractor tables to MDT for verification and approval.
- Begin preliminary statistical analyses.

The following is a list vendor sources and contractor sources for the project:

<b>Vendor Sources</b>
CONSULT/DESIGN VENDORS
DATA COLLECTION DATA
DUNBRADSTREET
HIGHWAY SAFETY VENDORS
MONTANA CONTRACTORS ASSOCIATION
NATIONAL CENTER FOR AMERICAN INDIAN ENTERPRISES
NATIONAL MINORITY SUPPLIERS DBE LIST
PES/LAS VENDORS

<b>Vendor Sources</b>
PURCHASING VENDORS

<b>Contract Sources</b>
AERONAUTICS
CIVIL RIGHTS OFFICE
CONSTRUCTION
CONSULT/DESIGN
DBE SUITE DATA
HIGHWAY SAFETY
TRANSIT/RAIL/PLANNING
PURCHASING DATA
RESEARCH

#### **Task 4: Conduct Market Area Analysis**

The following table illustrates the relevant market area established for the MDT study analysis. The methodology used is as follows: The State of Montana county data compared to the total federal dollars expended by MDT by business category was utilized to determine the market area based on the state's geographic borders. The relevant market calculations are determined by taking the summation of 75 percent of federal dollars awarded by county separated by business category compared to 75 percent of the number of vendors and 75 percent of the number of federally funded contracts awarded during the study period.

**Relevant Market Area**  
**Montana Department of Transportation**  
**October 1, 1999 - September 30, 2006**

	<b>State of Montana</b>	<b>TOTALS</b>
<b>Total Dollars</b>	\$2,171,737,518	\$2,419,766,277
<b>Percent of Dollar</b>	89.75%	100.00%
<b>Percent of Contracts</b>	86.15%	100.00%
<b>Percent of Firms Utilized</b>	78.73%	100.00%

#### **Task 5: Calculate Private Sector Availability**

We have received approval to use the master vendor table to proceed with the business survey.

## **Task 6: Conduct Availability Analysis**

Based on our review of data collected last month, several alternative calculation methods were tested to ensure their applicability in the Montana marketplace. Census data was collected to provide an overall snapshot of the Montana economy and to provide a basis for testing alternative calculation methods. Results indicate that with a few minor exceptions, all of our current tools are applicable.

The names of two survey firms – Josh Turner (Turner and Associates) and Beki Glyde-Brandborg were provided to us by the State of Montana. The names of the other contacts and the response statuses are shown below:

- Josh Turner (female) operates as Turner and Associates. Tel: (406) 442-9209 / 1-800-666-7488 access 00. E-mail – joshturner@aol.com. She has conducted several telephone surveys and is familiar with this particular study. We later learned that Turner and Associates subcontracts with Linda Priest to do the actual surveys. We inadvertently contacted Ms. Priest directly in our search for additional potential resources. We have not received a quote from Turner and Associates but understand that their current workload would not permit them to commence the telephone survey until the first part of January.
- Beki Glyde-Brandborg. Tel: (406) 442-2265 / Cell: (406) 431-2151. From our conversation with Ms. Brandborg and information gathered from Internet Web searches, we learned that her expertise is more in the line of facilitator and personal interviews than telephone surveys. She does not have the facilities or infrastructure to conduct a telephone survey this large. However, she did refer us to Ms. Linda Priest.
- Ms. Brandborg participated in the personal interviews and shared with me that it is customary in the area to provide a small gratuity to interview participants to express appreciation for their time. As examples, she mentioned PC thumb drives or other business related items of similar value. She was, however, complimentary on the interviewers.
- Linda Priest operates as Northwest Policy Resources. Tel: (406) 449-7556. E-mail – nwres@montana.com. We did not receive a direct response to our inquiry from

Ms. Priest. However, as indicated above, her firm would participate in the process if Turner and Associates is selected.

- University of Montana – School of Business Administration – Bureau of Business and Economic – Dr. Paul Polzin/John Baldrige. The university submitted a quote of \$20,194 including a discount under an MPART agreement with Montana Department of Transportation.
- Western Transportation Institute, Montana State University – Bozeman - Ms. Kate Heidkamp Tel: (406) 994-7643. Ms. Heidkamp expressed some concern about a potential conflict of interest with other work currently being performed by the Western Institute on behalf of the Montana Department of Transportation. She asked that we seek confirmation from the Montana DOT that performance of the telephone survey would not constitute a violation.
- Montana State University – Billings – Dr. Scott Rickard. E-mail – srickard@msubillings.edu. Have not received a response.

As soon as we finalize the selection process for the survey research firm, we will begin the business survey.

#### **Task 7: Conduct Regression Analysis**

This task is behind schedule. We needed final approval for the business survey in order to have the data for the regression analysis. The survey will be conducted during the months of December and January.

#### **Task 8: Conduct Utilization Analysis**

This task is scheduled to begin in November 2007. We will begin the utilization analysis upon approval of the master contract database.

#### **Task 9: Conduct Disparity Analysis**

This task is scheduled to begin in mid-December 2007.

#### **Task 10: Personal Interview, Focus Groups and Public Hearings**

Fields & Brown conducted onsite interviews and public hearings during the week of November 12, 2007. Three individuals from Fields & Brown were onsite. Interviews and public hearings were conducted in all MDT districts during that week except District IV. We initially intended to conduct interviews and public hearings for District IV on November 27-28, 2007.

The following public hearings were conducted: Missoula - 11/13/07, Bozeman - 11/13/07, Helena - 11/14/07, Billings - 11/15/07. Overall the trip was successful. 56 interviews were scheduled and 50 interviews were completed. Five interviews were cancelled by the business owner and one interview was terminated by the interviewer because the business had not attempted to do business with MTD during the study period.

The public hearings were not successful. Despite widespread advertising, attendance at the hearings was poor. No one testified at the Missoula or Helena hearings. One person testified at the Bozeman hearing and two individuals testified at the Billings hearings. It was obvious to the interviewers that businesses were aware of the hearings because they mentioned them during personal interviews but there was little interest in attending. Based upon the lack of attendance at the hearings, the Glendive hearing was cancelled. Personal interviews with businesses in District IV will be conducted via telephone.

The only issue that arose during the week was that one large general contractor who participated in a personal interview decided to later withdrawal his participation because we would not provide him with a copy of the interview questions. He requested by letter that the interview tape and all notes be returned to him via Federal Express. I have not responded to his written request pending a decision from MDT's legal department. It is our position that we should honor the business owners request to not include his data in the report; however, we should not provide him with the interview tape or notes as they are protected under the "work product" doctrine.

Action Item for next month:

- Respond to the general contractor's letter. In order to do this I need final response from MDT regarding our proposed position.
- Complete remaining interviews with businesses that requested participation in telephone interviews.
- Complete transcribing on tapes from personal interviews.

**Task 11: Recommend Narrowly Tailored Remedies for the DBE Policy and Programs**

This task is scheduled to begin in January 2008.

**Task 12: Final Report**

Draft report is scheduled for review in mid-February 2008.

Final report is scheduled to be completed by April 2008.

**Detailed Work Plan**

A copy of our detailed work plan is attached. It provides the proposed timeline and current timeline.

**Summary of Expenditures**

Table 1 summarizes the expenditures on this project through November 30, 2007. Expenditures during the seventh month were \$46,948.02, leaving \$299,265.43 for the remainder of the project.

**TABLE 1. Summary of Expenditures**

<b>Budget Category</b>	<b>Budgeted Funds</b>	<b>Spent This Period</b>	<b>Total Spent</b>	<b>Total Remaining</b>
Labor	\$516,492.21	\$18,951.27	\$252,939.17	\$263,553.04
Sub Consultant	\$90,431.25	26,250.00	\$57,750.00	\$32,681.25
Travel	\$41,810.00	1,746.75	\$38,778.86	\$3,031.14
<b>TOTALS</b>	<b>\$648,733.46</b>	<b>\$46,948.02</b>	<b>\$349,468.03</b>	<b>\$299,265.43</b>

## Montana Work Plan

<b>Task</b>	<b>Task #</b>	<b>Activity</b>	<b>Proposed Date</b>	<b>Date Submitted</b>
<b>1.0 – Conduct Legal Analysis</b>	1.1	Identify and obtain copies of relevant court cases.	6/15/07	5/2/07
	1.2	Conduct a detailed review and analysis of each set of opinions.	6/15/07	5/2/07
	1.3	Prepare a detailed list of the requirements of availability and disparity studies based upon opinions relevant to owner determinations of: <ul style="list-style-type: none"> <li>• Race- and gender-neutral programs</li> <li>• Race- and gender-preference programs</li> <li>• Definition of business categories for disparity analysis</li> <li>• Definition of appropriate race and gender categories for disparity analyses</li> <li>• Definition and measurements of utilization</li> <li>• Definition and measurement of availability in the appropriate geographical study areas</li> <li>• Measurement of disparity due to discrimination</li> <li>• Methods for determining significant levels of disparity</li> <li>• Status of legal use of multivariate/regression, probability, and other statistical analyses</li> <li>• Measurement and relevance of disparity in the relevant private markets</li> <li>• Requirements related to documentation of anecdotal evidence; and</li> <li>• Requirements related to documentation of barriers in obtaining bonding and financing, disparities in business formation and earnings encountered by DBE firms</li> <li>• Any other related requirements or types of evidence approved by relevant cases</li> </ul>	6/15/07	5/2/07
	1.4	Prepare a legal report that analyzes and summarizes the legal opinions relating to approved methods required by relevant cases for availability and disparity studies.	6/15/07	Draft Submitted 5/2/07
<b>2.0 – Review Policies, Procedures and Programs</b>	2.1	Review and analyze MDT statutes, regulations, resolutions, ordinances, policies and procedures, and existing programs, applicable during the relevant study time period.	9/30/07	6/18/07
	2.2	Review contracting and purchasing manuals currently in use and history of development for all MDT Members.	9/30/07	6/18/07



## Montana Work Plan

Task	Task #	Activity	Proposed Dates	Date Submitted
	2.3	Identify and interview key MDT managers regarding the history and development of the policies currently in use, implementation of the policies and impacts of the implementation of the policies, including the race/gender neutral and preference programs.	9/30/07	7/20/07
	2.4	Identify and interview DBE firms and non-minority firms regarding the MDT policies, barriers and implementation and impact of the policies, including the race/gender neutral and preference programs.	9/30/07	In Progress
	2.5	Provide the results to the client for review and feedback regarding existing programs.	9/30/07	
	2.6	Prepare a report that summarizes the impacts of existing policies and contracting programs.	9/30/07	
<b>3.0 – Conduct Data Collection</b>	3.1	Conduct a data assessment to determine the condition of contract and purchasing data and develop data collection methodology. Data collected will cover the time period of <b>October 1, 1999 through September 30, 2006.</b>	9/30/07	8/20/07
	3.2	Develop, review and receive approval for data collection methodology from Project Manager.	9/30/07	8/20/07
	3.3	Work with appropriate MDT personnel to transfer electronic data to Wilson Consulting and hard copy files for data extraction.	9/30/07	9/30/07
	3.4	Collect data from outside sources, such as certification lists, minority and majority professional organizations, <i>Dun and Bradstreet</i> , <i>Construction Market Data</i> , and <i>F.W. Dodge, Inc.</i>	9/30/07	8/30/07
	3.5	Finalize Programming Wilson Consulting database to record and analyze the utilization data.	9/30/07	8/30/07
	3.6	Obtain 100 percent of subcontractor data, where appropriate. If data is in hard copy, scan the contracts and subcontracts to enter in database.	9/30/07	9/30/07
	3.7	“Clean” data for consistency: removing duplicates; formatting; multiple office locations, etc. Remove unnecessary data to include employees, other government agencies, nonprofit organizations and other fields as appropriate.	9/30/07	10/31/07
	3.8	Prepare List of Contracts for review.	9/30/07	10/31/07

## Montana Work Plan

Task	Task #	Activity	Proposed Dates	Date Submitted
<b>4.0 – Conduct Market Area Analysis</b>	4.1	From the statistics gathered from contract data, determine the location of successful vendors. Determine the geographic area from which prime contractors or vendors are hired for each type of contracting.	10/31/07	11/23/07
	4.2	A market area analysis will be prepared for each major business category: heavy construction services, professional services and supplies.	10/31/07	11/23/07
	4.3	Review the draft market area analyses with Project Manager.	10/31/07	11/23/07
	4.4	Prepare report on the recommended market areas.	10/31/07	
<b>5.0 – Calculate Private Sector Availability</b>	5.1	Determine the relevant private sector market area taking into account total market activity, geography and operational capability indicators.	11/30/07	In Progress
	5.2	Collect the relevant public data from resources such as the National Survey of Small Business Finances (NSSBF), US Small Business Administration (SBA), Current Population Survey (CPS), Economic Census and Five Percent Public Use Microdata Samples (PUMS).	11/30/07	10/31/07
	5.3	Determine the relevant firm type and characteristics to be included in the private sector availability analysis.	11/30/07	10/31/07
	5.4	Collect required data on private organizations providing the relevant services in the defined market area. Data should be collected on: <ul style="list-style-type: none"> <li>• First and last name</li> <li>• Company name</li> <li>• Physical and mailing addresses</li> <li>• Phone number</li> <li>• Fax number</li> <li>• Email address</li> <li>• NAICS</li> <li>• DBE status</li> </ul> If available, collect data on number of employees, year founded, annual revenues and geographic areas of operation.	11/30/07	10/31/07

## Montana Work Plan

Task	Task #	Activity	Proposed Dates	Date Submitted
	5.5	Select survey targets for assessing the private market for availability predictors.	11/30/07	
	5.6	Refine the survey instrument to ensure that it captures the requested as well as needed data regarding the private sector.	11/30/07	
	5.7	Issue and collect the survey from relevant private firms.	11/30/07	
	5.8	Analyze the survey data to determine barriers of entry, operating conditions and other marketplace characteristics.	11/30/07	
	5.9	Model the private sector availability based on ready, willing and able. Utilize original data (survey), secondary data (federal, state, and commercial data) and other resources.	11/30/07	
	5.10	Use econometric modeling to estimate the size of the firm population based on the private sector data by category.	11/30/07	
	5.11	Ensure that secondary measures are utilized that validate the calculations.	11/30/07	
	5.12	Determine private sector availability by District (geographic area), NAICS code, business concentration, preference status (race and gender) and component scores on the availability measures.	11/30/07	
	5.13	Validate the calculated selections based on vendor data to ensure that the similar firms are determined to be available for each stratum.	11/30/07	
	5.14	Create the private sector availability database for disparity analysis.	11/30/07	
<b>6.0 – Conduct Availability Analysis</b>	6.1	Verify the validity of the client databases containing vendor, bidder and subcontractor data collected in previous tasks.	12/31/07	10/31/07
	6.2	Determine other organizations and jurisdictions that should be approached for vendor, bidder and subcontractor data.	12/31/07	10/31/07
	6.3	Collect electronic listings from other public jurisdictions and organizations. This should include other public organizations, associations or groups.	12/31/07	10/31/07

## Montana Work Plan

Task	Task #	Activity	Proposed Dates	Date Submitted
	6.4	<p>Create a database that contains the relevant vendor, bidder and subcontractor data for the state and other organizations. Data should be organized on:</p> <ul style="list-style-type: none"> <li>• First and last name</li> <li>• Company name</li> <li>• Physical and mailing addresses</li> <li>• Phone number</li> <li>• Fax number</li> <li>• Email address</li> <li>• SIC</li> <li>• NAICS</li> <li>• DBE status</li> </ul> <p>If available, collect data on preference status, number of employees, year founded, annual revenues and geographic areas of operation.</p>	12/31/07	10/31/07
	6.5	Create a list of organizations with missing data and what the missing elements are.	12/31/07	11/16/07
	6.6	Contact by phone the organizations with missing data and collect as much as possible for entry into the vendor, bidder and subcontractor database.	12/31/07	11/16/07
	6.7	Update the database with the collected information where appropriate.	12/31/07	11/16/07
	6.8	Compare the overlap of the public and private databases. Eliminate any redundant entries to ensure that the database is comprehensive and accurate.	12/31/07	11/27/07
	6.9	Verify the bidder and subcontractor data with the same standards for availability with the private sector firms.	12/31/07	11/27/07
	6.10	Create a master database for availability analysis that indicates the source of the entry but includes all entries.	12/31/07	In Progress
	6.11	Determine availability based on public vs. private market participants, combined public and private, geographic location, size categories, preference status (race and gender) and other demarcations.	12/31/07	

Task	Task #	Activity	Proposed Dates	Date Submitted
	6.12	Create the availability contact database.	12/31/07	In Progress
	6.13	Prepare the chapter summarizing the availability analysis.	12/31/07	
<b>7.0 – Conduct Regression Analysis</b>	7.1	Review data collected from the vendor survey and ensure that the data presents a sufficient and defensible sample for analysis. A comparison to the public and private availability data should be conducted.	11/30/07	
	7.2	Conduct descriptive analysis to determine the robustness of the data.	11/30/07	
	7.3	Select the econometric models necessary for determining the causal factors related to firm utilization.	11/30/07	
	7.4	Verify the analysis assumptions to ensure the identified relationships are correct.	11/30/07	
	7.5	Conduct additional analysis as needed to determine other mitigating factors impacting the results.	11/30/07	
	7.6	Summarize the findings and link possible predictors to programs, initiatives and other environmental factors related to the results.	11/30/07	
	7.7	Identify potential recommendations that would result in increasing available firms, utilization and reaching the organization's goals.	11/30/07	
<b>8.0 – Conduct Utilization Analysis</b>	8.1	Review utilization (vendor) database for completion and appropriateness of elements. Ensure that all of the necessary elements are present in the database.	11/30/07	
	8.2	Create initial utilization summaries by project type, location, size and other major characteristics to provide the project manager.	11/30/07	
	8.3	Gain approval from the project manager on the output of the utilization database.	11/30/07	
	8.4	Conduct basic descriptive analysis on the utilization database.	11/30/07	

## Montana Work Plan

<b>Task</b>	<b>Task #</b>	<b>Activity</b>	<b>Proposed Dates</b>	<b>Date Submitted</b>
	8.5	Based on contract size, relevant market area, time period and preference status, estimate utilization for prime and subcontractors.	11/30/07	
	8.6	Examine utilization within the context of programs and incentives in place during the time period analyzed.	11/30/07	
	8.7	Provide the results to the client for review and feedback.	11/30/07	
<b>9.0 – Conduct Disparity Analysis</b>	9.1	Develop a draft set of disparity analyses (in the form of report layouts) and statistical analyses (in tabular form) to be conducted.	1/15/08	
	9.2	Review draft report layouts and tables with the Project Manager and make appropriate revisions.	1/15/08	
	9.3	Utilizing the availability data and the utilization data, calculate disparity indices for the categories shown above.	1/15/08	
	9.4	Subject disparity analyses to statistical tests to determine statistical significance.	1/15/08	
	9.5	Conduct comparative analysis of disparity when a race preference program was used and when only race neutral program was used.	1/15/08	
	9.6	Review the disparity calculations, statistical tests results with the Project Officer and make appropriate revisions.	1/15/08	
<b>10.0 – Personal Interviews, Focus Groups and Public Hearings</b>	10.1	D. Wilson Consulting Group will schedule and conduct not less than 60 personal interviews. The purpose of the interviews is to gather anecdotal data concerning barriers to contracting for performance of work in the State of Montana. D. Wilson Consulting Group will utilize the DBE interview instrument developed in Task 5 to collect data during the interview. D. Wilson Consulting Group will obtain signed affidavits from all interviewees attesting to the accuracy of the information provided during the interviews.	12/31/07	11/23/07

## Montana Work Plan

Task	Task #	Activity	Proposed Dates	Date Submitted
	10.2	D. Wilson Consulting Group will conduct 5 public hearings, 1 public hearing in each District. D. Wilson Consulting Group will provide a hearing officer and panel to gather anecdotal evidence concerning contracting experiences with the State of Montana including disparate treatment, contracting barriers and suggestions for improvement.	12/31/07	11/23/07
	10.3	Draft Anecdotal chapter for review by Project Manager	2/15/08	
<b>11.0 – Recommend Narrowly Tailored Remedies for the DBE Policy and Programs</b>	11.1	Based on the results of the availability, regression, and utilization analyses, and the review of programs, identify problem areas, if any.	2/15/08	
	11.2	Identify what problem areas, if any that can be corrected with race- and gender-neutral remedies.	2/15/08	
	11.3	Identify what problem areas, if any, cannot be corrected by race- and gender-neutral remedies.	2/15/08	
	11.4	Identify narrowly tailored remedies for each problem area (or group of areas) consistent with the legal parameters.	2/15/08	
	11.5	Prepare alternative recommendations and solutions, if necessary, to modify existing race- and gender-neutral programs and policies and existing race- and gender-preference programs.	2/15/08	
	11.6	Develop methods for monitoring and data collection.	2/15/08	
	11.7	Prepare draft report on the recommendations. Review draft report with the Project Manager and make appropriate revisions.	2/15/08	
	11.8	Submit final report with recommendations.	2/15/08	
<b>12.0 – Final Report</b>	12.1	Compile all draft chapter reports into one for review by the Wilson Consulting Group team.	4/30/08	
	12.2	Revise report based upon team comments.	4/30/08	
	12.3	Present Draft Report to the Project Manager for review and comments.	4/30/08	
	12.4	Discuss comments with Project Manager for clarification.	4/30/08	

<b>Task</b>	<b>Task #</b>	<b>Activity</b>	<b>Proposed Dates</b>	<b>Date Submitted</b>
	12.5	Prepare Final Report.	4/30/08	
	12.6	Conduct three presentations of the results of the Availability/Disparity Study.	4/30/08	
<b>13.0 – Deliverables</b>	13.1	Final Report – with Appendices	4/30/08	
	13.2	Executive Summary	4/30/08	
	13.3	Three Presentations	4/30/08	
	13.4	CD with available firms.	4/30/08	



## Montana Proposed / Current Timeline

TASK												
	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR
1.0 – Conduct Legal Analysis	■	■										
2.0 – Review Policies, Procedures and Programs		■	■	■	■	■						
3.0 – Conduct Data Collection	■	■	■	■	■	■						
4.0 – Conduct Market Area Analysis						■	■					
5.0 – Calculate Private Sector Availability						■	■	■				
6.0 – Conduct Availability Analysis						■	■	■	■			
7.0 – Conduct Regression Analysis							■	■				
8.0 – Conduct Utilization Analysis						■	■	■				
9.0 – Conduct Disparity Analysis								■	■			
10.0 – Personal Interviews, Focus Groups and Public Hearings						■	■	■	■			
11.0 – Recommend Narrowly Tailored Remedies for the DBE Policy and Programs									■	■		
12.0 – Final Report										■	■	■

\* For presentations of the Final Report